

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
NEW ORLEANS, LOUISIANA**

**Basic Financial Statements  
And Independent Auditor's Reports  
As of and for the Year Ended December 31, 2013  
With Supplemental Information Schedules**

**Audit of Financial Statements**

**December 31, 2013**

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
ANNUAL FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

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**INDEPENDENT AUDITOR'S REPORT**

July 29, 2014

**To the Board of Directors**  
**Louisiana State Board of Medical Examiners**  
Department of Health and Hospitals  
State of Louisiana

We have audited the accompanying financial statements of the business-type activities and each major fund of the Louisiana State Board of Medical Examiners, a component unit of the State of Louisiana, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting

estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the Louisiana State Board of Medical Examiners, a component unit of the State of Louisiana, as of December 31, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress for postemployment benefits information on pages 4-8 and 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Louisiana State Board of Medical Examiners' basic financial statements. The accompanying supplemental information, such as the board members per diem and the Division of Administration Reporting packet, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The board members per diem and the Division of Administration Reporting packet are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the board members per diem and the Division of Administration Reporting packet are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2014, on our consideration of the Louisiana State Board of Medical Examiners' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Louisiana State Board of Medical Examiners' internal control over financial reporting and compliance.

*Hienz & Macaluso, LLC*  
Metairie, LA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The management's discussion and analysis of the Louisiana State Board of Medical Examiners' financial performance presents a narrative overview and analysis of the Louisiana State Board of Medical Examiners' financial activities for the year ended December 31, 2013. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with prior year's information. Please read this document in conjunction with the information contained in the Louisiana State Board of Medical Examiner's financial statements, which begins on page 9.

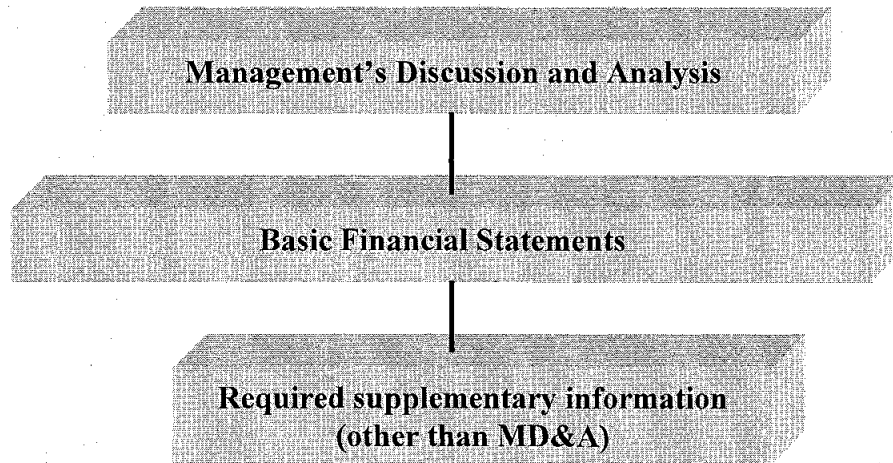
### Financial Highlights

- ★ The Louisiana State Board of Medical Examiners continues to have no debt except for compensated absences for employees in the amount of \$313,942 and other postemployment benefits in the amount of \$3,296,600.
- ★ The Louisiana State Board of Medical Examiners' assets exceeded its liabilities at the close of fiscal year December 31, 2013 by \$6,178,610, which represents a 3.54% increase from last fiscal year.
- ★ The Louisiana State Board of Medical Examiners' operating revenue increased by \$103,567 from the previous year – approximately a 1.45% increase from the prior year.
- ★ Interest income decreased \$3,950 from the previous year – a 67.41% decrease over the prior year due to moving funds from Certificate of Deposits to Tower accounts.
- ★ Capital acquisitions in the amount of \$27,701 were made during December 31, 2013 for equipment and building improvements.

### Overview of the basic financial statements

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)



These financial statements consist of three sections – Management's Discussion and Analysis (this section), the basic financial statements (including the notes to the financial statements), and required supplementary information.

### Basic Financial Statements

The basic financial statements present information for the Louisiana State Board of Medical Examiners as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows.

The Statement of Net Position presents the current and long-term portions of assets and liabilities separately. The difference between assets plus deferred outflow of resources and liabilities plus deferred inflow of resources is net position, which may provide a useful indicator of whether the financial position of the Louisiana State Board of Medical Examiners is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position present information showing how the Louisiana State Board of Medical Examiners' assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net position are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until fiscal periods.

The Cash Flow Statement presents information showing how the Louisiana State Board of Medical Examiners' cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash provided (used) by operating activities (indirect method) as required by GASB 34.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### Financial Analysis of the Entity

The following presents condensed financial information on the operations of the Entity:

	(in thousands)	
	Total	
	2013	2012
Current and other assets	\$ 4,019	\$ 3,394
Noncurrent assets	2,169	1,831
Capital assets	7,022	7,267
Total assets	<u>13,210</u>	<u>12,492</u>
Current and other liabilities	3,518	3,343
Long-term debt outstanding	3,513	3,182
Total liabilities	<u>7,031</u>	<u>6,525</u>
Net assets		
Net investment in capital assets	7,022	7,267
Restricted	1,551	1,379
Unrestricted	(2,394)	(2,679)
Total net assets	<u>\$ 6,179</u>	<u>\$ 5,967</u>
Operating Revenues	\$ 7,224	\$ 7,121
Operating Expenses	(7,015)	(6,796)
Operating income (loss)	<u>209</u>	<u>325</u>
Non-operating revenues (expenses)	<u>2</u>	<u>6</u>
Income (loss) before transfers	<u>211</u>	<u>331</u>
Transfers in	-	-
Transfers out	-	-
Net increase (decrease) in net assets	<u>\$ 211</u>	<u>\$ 331</u>

Restricted net position represents those assets that are not available for spending as a result of legislative requirements. Conversely, unrestricted net position is those that do not have any limitations on what these amounts may be used for. Total net position of Louisiana State Board of Medical Examiners increased by \$211,380, a difference of 3.54% from December 31, 2012 to December 31, 2013.

Operating revenues increased during December 31, 2013 in the amount of \$103,567 due to an increase in license renewal fees, clinical lab renewal fees, permits, and fines. Total expenditures of the Board increased by \$219,000 from December 31, 2012; this increase was due mainly to increases in personnel services and contractual services and offset by decreases in professional services and depreciation.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### Capital Assets and Long Term Debt Administration

#### Capital Assets

As of December 31, 2013, the Louisiana State Board of Medical Examiners had \$7,022,358 invested in a broad range of capital assets, including buildings, building improvements, equipment, and an automobile. During the current year, the organization recorded \$27,701 of capital acquisitions, comprised of \$18,818 for computers and \$8,883 for building improvements.

#### Long-Term Debt

The Louisiana State Board of Medical Examiners did not have any bonds or notes outstanding at December 31, 2013.

The Louisiana State Board of Medical Examiners had no claims and judgments outstanding at December 31, 2013 and December 31, 2012. Other Obligations include accrued compensated absences in the amount of \$313,942 and other postemployment benefits in the amount of \$3,296,600.

#### Variations between Original and Final Budgets

The Board is required to submit an annual budget to the Joint Legislative Committee on the Budget as required by the Louisiana Licensing Agency Budget Act. Total revenues for December 31, 2013 were approximately \$9,400 over-budget for 12/31/2013. Expenditures were over-budget by approximately \$395,000 for 12/31/2013. Variances were due mostly to personnel services being under budgeted by approximately \$399,000. The Board submitted a year-end budget adjustment as required by the Louisiana Licensing Agency Budget Act.

#### Economic Factors and Next Year's Budgets and Rates

The Board continues to make significant investments in enhancing its information and communication systems to provide for improved (1) back up capabilities and disaster recover capabilities (2) online services for licensees (3) connectivity with national data bases (4) access to information of interest by the public (5) network security (6) information systems capacity and (7) cost of operations. The online services include enhancement to the website, online renewals and Board Orientation Program portal, development of online initial applications and continuing professional educational programming. The communication systems include improvements to the call center and telephone system based on VOIP technology.

In addition the Board continues to expand its investigation/compliance efforts with additional staff dedicated to this activity. Looking ahead we anticipate additional legal expenses associated with this enforcement activity and with a number of rule making efforts that are underway and expected to continue.

Finally, the Board continues to look for and improve efficiencies in the use of space at 630 Camp Street.

The Louisiana State Board of Medical Examiner's appointed officials considered the following factors and indicators when setting next year's budget, rates and fees. These factors and indicators include:

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Expected revenue

Staff and salaries

Legal and other professional services including contracted services

Operating Expenses

### Contacting the Board's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Louisiana State Board of Medical Examiners' finances and to show the Louisiana State Board of Medical Examiners accountability for the money it receives.

If you have any questions regarding this report or need additional financial information, contact:

Dr. Cecilia Mouton

[www.lsbme.la.gov](http://www.lsbme.la.gov)

Executive Director

P.O. Box 30250

New Orleans, LA 30250

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2013**

**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 3,365,877
Receivables (net of allowance for doubtful accounts)	640,054
Prepaid expense	<u>753</u>
Total current assets	<u>4,006,684</u>

**NONCURRENT ASSETS**

Restricted Assets	
Cash and cash equivalents	2,123,705
Receivables (net of allowance for doubtful accounts)	<u>45,196</u>
Total Restricted assets	<u>2,168,901</u>

Capital Assets	
Land	100,000
Building and improvements	7,863,978
Furniture and equipment	1,264,811
Vehicles	17,131
Accumulated depreciation	<u>(2,223,562)</u>
Total capital assets	<u>7,022,358</u>

Other assets	<u>11,695</u>
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Total Noncurrent Assets	<u>9,202,954</u>
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Total Assets	<u><u>\$ 13,209,638</u></u>
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The accompanying notes are an integral part of these financial statements.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2013**

**LIABILITIES**

**CURRENT LIABILITIES**

Accounts payable and accruals	\$ 463,297
Compensated absences payable	97,848
Unearned revenues	<u>2,957,189</u>
Total current liabilities	<u>3,518,334</u>

**NONCURRENT LIABILITIES**

Compensated absences payable	216,094
Other postemployment benefits payable	<u>3,296,600</u>
Total noncurrent liabilities	<u>3,512,694</u>
Total Liabilities	<u>7,031,028</u>

**NET POSITION**

Net investments in capital assets	7,022,358
Restricted for:	
Capital projects	-
Debt service	-
Other purposes	1,550,384
Unrestricted	<u>(2,394,132)</u>
Total Net Position	<u>\$ 6,178,610</u>

The accompanying notes are an integral part of these financial statements.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**OPERATING REVENUES:**

Licenses, permits and fees	\$ 7,201,946
Other	<u>22,813</u>
Total operating revenues	<u>7,224,759</u>

**OPERATING EXPENSES:**

Personnel services	4,264,887
Contractual services	505,901
Travel	95,284
Operating services	648,763
Supplies	44,470
Professional services	1,183,299
Depreciation	<u>272,685</u>
Total Operating Expenses	<u>7,015,289</u>
Operating income (loss)	<u>209,470</u>

**NON-OPERATING REVENUES (EXPENSES):**

Interest revenue	<u>1,910</u>
Total Non-operating Revenue (Expenses)	<u>1,910</u>
Increase (Decrease) in Net Position	211,380
Total Net Position - beginning	<u>5,967,230</u>
Total Net Position - ending	<u><u>\$ 6,178,610</u></u>

The accompanying notes are an integral part of these financial statements.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Cash received from customers	\$ 7,306,612
Cash payments to suppliers for goods and services	(2,356,657)
Cash payments to employees for services	<u>(3,907,711)</u>
<b>Net cash provided (used) by operating activities</b>	<u><b>1,042,244</b></u>

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:**

Operating transfers in - from other funds	-
Operating transfers out - to other funds	<u>-</u>
<b>Net cash provided (used) by non-capital financing activities</b>	<u><b>-</b></u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:**

Acquisition/construction of capital assets	<u>(27,701)</u>
<b>Net cash provided (used) by capital and Related financing activities</b>	<u><b>(27,701)</b></u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Interest reinvested in tower account	<u>1,910</u>
<b>Net cash provided (used) by investing activities</b>	<u><b>1,910</b></u>

<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,016,453</b>
<b>Cash and cash equivalents at beginning of year</b>	<u><b>4,473,129</b></u>
<b>Cash and cash equivalents at end of year</b>	<u><u><b>\$ 5,489,582</b></u></u>

The accompanying notes are an integral part of these financial statements.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Reconciliation of operating income (loss) to net**

**Cash provided (used) by operating activities:**

Operating income (loss)		\$ 209,470
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Depreciation	\$ 272,685	
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Loss on disposal of assets	108	
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**Changes in assets and liabilities:**

(Increase)/Decrease in accounts receivable	53,569	
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(Increase)/Decrease in prepaid expense	-	
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(Increase)/Decrease in other assets	-	
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Increase/(Decrease) in accounts payable and accruals	146,245	
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Increase/(Decrease) in compensated absences	18,645	
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Increase/(Decrease) in other postemployment benefits	313,239	
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Increase/(Decrease) in deferred revenues	28,283	
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<b>Total adjustments</b>		<u>832,774</u>
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<b>Net cash provided (used) by operating activities</b>		<u><u>\$ 1,042,244</u></u>
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**Schedule of noncash investing, capital,  
and financing activities:**

Interest on tower accounts re-invested		\$ <u>1,910</u>
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<b>Total noncash investing, capital, and financing activities</b>		<u><u>\$ 1,910</u></u>
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The accompanying notes are an integral part of these financial statements.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**INTRODUCTION:**

The Louisiana State Board of Medical Examiners (the Board) is a component unit of the State of Louisiana created within the Louisiana Department of Health and Hospitals, as provided by Louisiana Revised Statute 37:1261-1292.

The board is charged with the responsibility of administering practice acts providing for the licensure of Doctors of Medicine, Doctors of Osteopathy, Doctors of Podiatry, Physician Assistants, Acupuncturists, Acupuncturists Assistants, Occupational Therapists, Occupational Therapy Assistants, Respiratory Therapists, Respiratory Therapist Technicians, Midwives, Clinical Exercise Physiologists, Athletic Trainers, Radiological Technologists, Emergency Medical Technicians (Intermediate and Paramedic) and Clinical Laboratory Personnel. Operations of the Board are funded entirely through self-generated revenues.

As to all professions over which it has jurisdiction, the Board's principal functions are essentially the same: (a) Licensing/Certification. The Board examines applicants for licensure or certification to validate minimum competence for practice by verifying that they possess the educational and other credentials prescribed by statute and Board rules, investigation of the applicant's licensure status and history in other jurisdictions, and by examination. Licenses/certifications are generally renewed annually (some biannually) pursuant to re-verification of certain requirements and conditions. Renewals for some categories are on a calendar year basis, but the majority is based on a birth month schedule. (b) Regulations. Pursuant to its rulemaking authority under the practices acts it administers, and in accordance with the Administrative Procedures Act, the Board promulgates procedural rules implementing its licensing/certification authority and substantive rules regulating practice. (c) Enforcement. The Board investigates consumer, patient and licensee complaints and alleged or indicated violations of the several practices acts and, upon a finding of probable cause initiates and conducts administrative disciplinary proceedings to adjudicate whether legal cause exists for the suspension, revocation or imposition of probationary terms and/or conditions on any license or certification. The Board's disciplinary authority includes limited authority to impose monetary fines and obtain reimbursement of costs and attorneys fees incurred by the Board in the investigation and prosecution of licensees. The Board also possesses and employs authority to take action against unauthorized practitioners by means of civil injunctive proceedings. (d) Advisory Rulings. The Board serves an informational and advisory role to the public, its constituent licensees and State government by providing declaratory rulings, advisory opinions and Statements of Position on various medical/legal issues within its jurisdiction. (e) Other Activities. The Board participates in a Physicians health Program, jointly organized and conducted with the Louisiana State Medical Society, to identify physically or mentally impaired (or potentially impaired) physicians toward securing timely treatment and rehabilitation for the protection of the public.

The Board is composed of seven members. Until January 1, 2000 the seven members were appointed by the governor from lists of names submitted by the Louisiana State Medical Society and the Louisiana Medical Association. Effective January 1, 2000 the board will consist of seven voting members appointed by the governor and subject to Senate confirmation as follows:



**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS**  
**STATE OF LOUISIANA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013**

**INTRODUCTION – continued:**

- a. Four members from lists of names submitted by the Louisiana State Medical Society. One of the members appointed shall practice in a parish or municipality with a population of less than twenty thousand.
- b. Two members from lists submitted by the Louisiana Medical Association.
- c. One member from a list submitted by the Louisiana Academy of Family Practice Physicians.

All voting members of the board shall be graduate physicians or surgeons and practitioners. Four of the members appointed for terms beginning January 1, 2000, shall be appointed the initial terms of four years and three of the members shall be appointed to initial terms of two years.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Basis of Presentation**

The accompanying financial statements have been prepared on the full accrual basis in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting principles and financial reporting standards.

These financial statements include the implementation of GASB Statement Number 34, *Basic Financial Statements- and Management's Discussion and Analysis-for State and Local Governments*. This new standard was implemented by the Board in 2001 and provides for significant changes in terminology, recognition of contributions in the Statement of Revenues, Expenses and Changes in Net Position, inclusion of a management discussion and analysis as supplementary information and other changes.

**Reporting Entity**

GASB Codification Section 2100 established criteria for determining governmental reporting entity and has defined the governmental reporting entity for the board to be the State of Louisiana because the state exercises oversight responsibility in that the governor appoints the board members and public service is rendered within the state's boundaries. The accompanying statements present only transactions of the Louisiana State Board of Medical Examiners, and therefore, are a part of the fund and account group structure of the State of Louisiana. Annually, the State of Louisiana issues basic financial statements, which include the activity contained in the accompanying financial statements.

**Fund Accounting**

All activities of the board are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued:**

charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Basis of Accounting**

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a *Codification of Governmental Accounting and Financial Reporting Standards* (GASB Codification). This Codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of Louisiana State Board of Medical Examiners present information only as to the transactions of the programs of the Louisiana State Board of Medical Examiners as authorized by Louisiana statutes and administrative regulations. Basis of Accounting refers to when revenues and expenses are recognized and reported in the financial statements. The accounting and financial reporting treatment applied to the Board is determined by its measurement focus. The transactions of the Board are accounted for on a flow of economic resource measurement focus.

With this measurement focus, all assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with operations are included in the Statement of Net Position.

The accounts of the Louisiana State Board of Medical Examiners are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

**Revenue Recognition**

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable. Any revenues and expenses recorded between funds (“internal fund” activity) have been eliminated in these financial statements. Operating revenues consist of all revenues except investment income.

**Expense Recognition**

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable. Operating expenses consist of all expenses except investment expenses.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued:**

Budget Practices

Budgets are prepared and adopted by the Board annually. The Board adopts a budget annually for the various components. The Board is a state licensing agency subject to the Licensing Agency Budget Act established by Louisiana Revised Statutes 39:1331-1342 in accordance with R.S. 36:803.

All funds budgeted are immediately available, as the Board's operations are financed with self-generated revenue. Therefore, the budget is known as a non-appropriated budget.

The Board normally does not use encumbrance accounting, so the budget was not integrated in the accounting records. In addition, the budget was employed by the Board as a management control device, by comparing budgeted expenditures with actual expenditures. The budget is prepared on the GAAP basis, using the modified accrual basis of accounting. The Board monitors the budget and makes changes when deemed appropriate.

Cash and Investments

Cash includes petty cash and demand deposits. Under state law, the Board may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other State in the Union, or the laws of the United States. Furthermore, the Board may invest in certificates of deposit of state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Receivables/Inventory

Receivables consist of all revenues earned at year-end and not yet received. Allowance for uncollectible accounts receivable include all receivables greater than ninety days old.

The Board maintains an inventory of office supplies. These items are expensed as purchased.

Capital Assets

Property and equipment are recorded at cost, if purchases or constructed. Assets acquired through contributions are capitalized at their estimated fair value or cost to construct at the date of the construction. Equipment includes all items valued above \$1,000. Assets are depreciated using the straight-line method over the useful lives of the assets as follows:

Computer Equipment	3-5 years
Automobiles and equipment	5 years
Furniture and Fixtures	10 years
Building and Improvements	40 years

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued:**

Restricted Assets

Restricted assets, as presented in the financial statements, represented items that are dedicated for the use of various components of the Board.

Compensated Absences

Employees earn accumulated annual and sick leave at various rates, depending on their years of service. Annual and sick leave that may be accumulated by each employee is unlimited. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. Upon retirement, annual leave in excess of 300 hours and unused sick leave is credited as earned service in computing retirement benefits.

Long-Term Obligations

Long-term obligations are reported at face value.

Post-employment Health Care and Life Insurance Benefits

The Board provides certain continuing health care and life insurance benefits for its retired employees. The Board recognizes the cost of providing these retirees benefits as an expense when incurred during the year.

Deferred Compensation Plan

The Board offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code 457. The plan is administered by the Board. The plan, available to all full-time employees of the Board, permits them to defer a portion of their salary until future years. All amounts of compensation deferred, all property and rights purchased, and all income, property, or rights are (until paid or made available to the employee or other beneficiary) held in trust by the insurance company for the exclusive benefit of the participants and their beneficiaries.

Participants may contribute up to 100% of their salary, but total contributions may not exceed \$17,000 annually. All contributions are immediately vested.

Net Position

Net position is comprised of the various net earnings from operations, non-operating revenues, expenses, and contributions of capital. Net position is classified in the following three components:

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued:**

Net investment in capital assets– Consists of all capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – Consists of external constraints placed on net position used by creditors, grantors, contributors, or laws or regulations of the government or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – Consists of all other assets that are not included in the other categories previously mentioned.

**NOTE 2 – DEPOSITS WITH FINANCIAL INSTITUTIONS:**

Cash and certificates of deposit

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Board may deposit funds within a fiscal agency bank selected and designated by the Interim Emergency Board. Further, the Board may invest in time certificates of deposits of state banks organized under the laws of Louisiana, national banks having their principal office in the State of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and in share certificate accounts of federally or state chartered credit unions.

Deposits in bank accounts are stated at cost, which approximates market. Under state law federal deposit insurance or the pledge of securities owned by the fiscal bank agent must secure these deposits. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

GASB Statement No. 40, which amended GASB Statement No. 3, only requires disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either:

- 1) uninsured and uncollateralized,
- 2) uninsured and collateralized with securities held by the pledging financial institution or
- 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name

The carrying amount of the Board's deposits with financial institutions is as follows as of December 31, 2013:

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 2 – DEPOSITS WITH FINANCIAL INSTITUTIONS – continued:**

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1. Capital One Bank–non-interest bearing CME		\$483,001
2. Capital One Bank–non-interest bearing PHP		\$591,954
3. Capital One Bank–non-interest bearing CLAB		\$422,066
4. Capital One Bank–interest bearing CLAB - TOWER		\$368,462
5. PayPal-non-interest bearing CLAB		\$258,202
6. PayPal-non-interest bearing GENERAL		\$17,747
7. Capital One Bank–non-interest bearing GENERAL		\$2,847,401
8. Capital One Bank–non-interest bearing GENERAL – PAYROLL		\$104,391
9. Capital One Bank–interest bearing GENERAL – TOWER		\$396,338

All deposits listed above are federally insured or secured with collateral as required by state law. Actual bank balances at Capital One Bank & PayPal as of December 31, 2013 amounted to \$5,213,613 and \$275,949 respectively. None are required to be reported in any one of the three categories listed above.

The following amounts represent a reconciliation of the deposits listed above and the total cash reported in the Statement of Net Position as of December 31, 2013:

Total carrying amount of deposits in financial institutions	\$ 5,489,562
Petty cash	<u>20</u>
Cash and cash equivalents	\$ 5,489,582

**NOTE 3 – ACCOUNTS RECEIVABLE:**

At December 31, 2013, the Board had net receivable balances, totaling \$685,250.

<u>CLASS OF RECEIVABLES</u>	<u>GENERAL</u>	<u>RESTRICTED</u>	<u>TOTAL</u>
License fees and other assessments	\$ 755,930	\$ 45,196	\$ 801,126
Allowance for doubtful accounts	<u>(115,876)</u>	<u>-</u>	<u>(115,876)</u>
Total Receivables	<u>\$ 640,054</u>	<u>\$ 45,196</u>	<u>\$ 685,250</u>

During 2013 the Board charged \$0 to bad debt expense.

**NOTE 4 – DUE FROM/TO AND TRANSFERS:**

At December 31, 2013, for purpose of these financial statements the due from/to and transfer accounts have been eliminated.

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 5 – RETIREMENT SYSTEM:**

The employees of the Board are members of the Louisiana State Employees Retirement System ("System"), a multiple-employer, public employee retirement system (PERS). The System is a statewide public retirement system for the benefit of the state employees, which is administered and controlled by a separate board of trustees.

The system issues an annual, publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by contacting the Louisiana State Employee Retirement System at P.O. Box 44213, Baton Rouge, Louisiana 70804 or by calling (225) 922-0600.

All full-time Board employees, who began state employment prior to age 60, are eligible to participate in the System. Benefits vest with 10 years of service. At retirement age, employees are entitled to annual benefits equal to 2.5 percent of their highest consecutive 36 month average salary multiplied by their years of credited service plus \$300 for employees hired before July 31, 1986. Vested age 55 with 25 years of service, or age 60 with 10 years of service. The system also provides death and disability benefits. Covered employees were required to contribute 7.5% (8% for members hired on or after July 1, 2006) of gross salary to the plan. For 2011 the Board's contribution percentage was 22% between January 1, 2011 and June 30, 2011 and 25.6% between July 1, 2011 and December 31, 2011. For 2012 the Board's contribution percentage was 25.6% between January 1, 2012 and June 30, 2012 and 29.1% between July 1, 2012 and December 31, 2012. For 2013 the Board's contribution percentage was 29.1% between January 1, 2013 and June 30, 2013 and 31.3% between July 1, 2013 and December 31, 2013.

Contribution requirements to the System are set by statute and differ from the contribution requirement determined using actuarial methods. Contributions to the retirement system for the years ended 2013, 2012, and 2011 were \$687,856, \$575,144, and \$520,455, respectively.

**NOTE 6 – CAPITAL ASSETS:**

The Board follows the Louisiana Division of Administration's guidelines on capitalization of fixed assets. Depreciation has been provided on general fixed assets using the straight-line method. All fixed assets are valued at historical cost or estimated historical cost.

A summary of changes in property and equipment follows:

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 6 – CAPITAL ASSETS – continued:**

Fiscal Year Ending December 31, 2013	Beginning Balance 1/1/2013	Additions	Deletions	Ending Balance 12/31/2013
Assets not being depreciated:				
Land	\$ 100,000	-	-	\$ 100,000
Total not being depreciated	100,000	-	-	100,000
Assets being depreciated:				
Building	882,679	-	-	882,679
Building Improvements	6,972,416	8,883	-	6,981,299
Equipment	1,335,687	18,818	89,694	1,264,811
Vehicles	17,131	-	-	17,131
Total assets being depreciated	9,207,913	27,701	89,694	9,145,920
Total assets	<u>\$9,307,913</u>	<u>\$ 27,701</u>	<u>\$ 89,694</u>	<u>\$ 9,245,920</u>
	Ending Balance 1/1/2013	Additions	Deletions	Ending Balance 12/31/2013
Accumulated Depreciation:				
Building	\$ 375,139	\$ 22,067	-	\$ 397,206
Building Improvements	521,009	168,895	-	689,904
Equipment	1,140,889	80,010	89,586	1,131,313
Vehicles	3,426	1,713	-	5,139
Total	2,040,463	272,685	89,586	2,223,562
NET BOOK VALUE	<u>\$7,267,450</u>			<u>\$ 7,022,358</u>

Depreciation expense for the year ended December 31, 2013 was \$272,685.



**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 7 – ACCOUNTS PAYABLE AND ACCRUALS:**

At December 31, 2013, the Board had payables totaling \$463,297 as follows:

<u>CLASS OF PAYABLES</u>	<u>GENERAL</u>	<u>CLAB</u>	<u>PHP</u>	<u>TOTAL</u>
Accounts Payable	\$ 121,984	\$ 1,771	\$ 179,630	\$ 303,385
Wages Payable	88,456	-	-	88,456
Taxes & Accruals Payable	71,456	-	-	71,456
Total Payables	<u>\$ 281,896</u>	<u>\$ 1,771</u>	<u>\$ 179,630</u>	<u>\$ 463,297</u>

**NOTE 8 – POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS:**

***Plan description***

Louisiana State employees may participate in the State's Other Postemployment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan (for FY 2013) that provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The Office of Group Benefits administers the plan. LRS 42:801-883 provides the authority to establish and amend benefit provisions of the plan. The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in Louisiana Comprehensive Annual Financial Report (CAFR). You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at [www.doa.la.gov/osrap](http://www.doa.la.gov/osrap).

***Funding Policy***

The plan is currently financed on a pay-as-you-go basis. The contribution requirements of plan members and the Board are established and may be amended by LRS 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage.

***Annual OPEB Cost***

The Board's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period was used. For 2013, the Board's annual other postemployment benefit (OPEB) cost of \$363,700 consisted of the following: (ARC \$358,400 plus interest of \$119,300 less ARC adjustment of \$114,000). The Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for December 31, 2013, 2012, and 2011 were as follows:

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 8 – POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS**  
**continued:**

Year <u>Ended</u>	Annual <u>OPEB Cost</u>	Percent of Annual OPEB <u>Cost Contributed</u>	Net OPEB <u>Obligation</u>
12/31/2011	\$ 337,243	14.14%	\$ 2,717,895
12/31/2012	\$ 323,105	17.84%	\$ 2,983,361
12/31/2013	\$ 363,700	13.87%	\$ 3,296,600

**Funded Status and Funding Progress**

The funded status of the plan as of July 1, 2013, was as follows (in thousands):

Actuarial accrued liability (AAL)	\$ 4,099,100
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	4,099,100
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (annual payroll of active employee covered by the plan)	\$ 996,800
UAAL as a percentage of covered payroll	411.23%

**Actuarial Methods and Assumptions**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2013, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 7% and 8.1% for pre-Medicare and Medicare eligible,

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 8 – POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS  
continued:**

respectively, scaling down to ultimate rates of 5% per year. The Board's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2013, was twenty-three years.

**NOTE 9 – COMPENSATED ABSENCES**

Accumulated annual leave is accrued in the accompanying financial statements. The Board's employees accumulated unlimited amounts of annual leave at varying rates, as established by state regulations. Upon resignation or retirement, unused annual leave of up to 300 hours is paid to employees at the employee's current rate of pay. This amount is recorded as a liability in the financial statements and represents the amount unpaid at December 31, 2013 of \$ 285,733. See Note 10.

**NOTE 10 – LONG-TERM OBLIGATIONS:**

The following is a summary of the long-term obligation transactions for the year ended December 31, 2013.

	<u>OPEB Liability</u>	<u>Compensated Absences</u>
Balance at January 1, 2013	\$ 2,983,361	\$ 295,297
Additions	363,700	18,645
Deductions	<u>50,461</u>	<u>-</u>
Balance at December 31, 2013	3,296,600	313,942
Less current portion	<u>-</u>	<u>97,848</u>
Noncurrent portion	<u>\$ 3,296,600</u>	<u>\$216,094</u>

**NOTE 11 – NET POSITION:**

Net position represents the difference between assets deferred outflow of resources and liabilities deferred inflow of resources.

The composition of net position was as follows:

Net investment in capital assets	\$ 7,022,358
Restricted	1,550,384
Unrestricted	<u>(2,394,132)</u>
Total Net Position	<u>\$ 6,178,610</u>

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 11 – NET POSITION - continued**

Restricted net position represents those assets that are not available for spending as a result of legislative requirements. The composition of the restricted net position is Clinical Lab - \$639,048, Continuing Medical Education - \$449,869, and Physicians Health Program - \$461,467.

**NOTE 12 – RISK MANAGEMENT:**

The Board is exposed to various risks of loss related to general liability, automotive liability, and property insurance contracts and has purchased commercial insurance to provide coverage.

**NOTE 13 – DATE OF MANAGEMENT REVIEW**

Management has evaluated subsequent events through the date that the financial statements were available to be issued, July 29, 2014.

**OTHER REPORTS REQUIRED BY**  
***GOVERNMENT AUDITING STANDARDS***

The following pages contain a report on compliance with laws and regulations and on internal controls required by *Government Auditing Standards*, issued by the Comptroller General of the United States. This report is based solely on the audit of the financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses in internal control or compliance matters that would be material to the presented financial statements.

**Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements Performed in Accordance with  
*Government Auditing Standards***

July 29, 2014

To the Board of Directors  
Louisiana State Board of Medical Examiners  
Department of Health and Hospitals  
State of Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of the Louisiana State Board of Medical Examiners, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Louisiana State Board of Medical Examiners' basic financial statements, and have issued our report thereon dated July 29, 2014.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Louisiana State Board of Medical Examiners' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Louisiana State Board of Medical Examiners' internal control. Accordingly, we do not express an opinion on the effectiveness of Louisiana State Board of Medical Examiners' internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Louisiana State Board of Medical Examiners' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Hienz & Macaluso, LLC*  
Metairie, LA

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
SCHEDULE OF FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

We have audited the financial statements of the business-type activities and each major fund of Louisiana State Board of Medical Examiners as of and for the year ended December 31, 2013, which collectively comprise the Board's financial statements as listed in the table of contents and have issued our report thereon dated July 29, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained *Government Auditing Standards*, issued by the Comptroller General of the United States and the Louisiana Governmental Auditing Guide. Our audit of the basic financial statements as of December 31, 2013, resulted in an unqualified opinion.

**Section I. Summary of Auditor's Reports**

- a. Report on Internal Control and Compliance Material to the Financial Statements

*Internal Control:*

Material Weakness \_\_\_ Yes X No    Significant Deficiency \_\_\_ Yes X No

*Compliance:*

Compliance Material to Financial Statements \_\_\_ Yes X No

- b. Federal awards – the Board received no federal awards for the year ended December 31, 2013.

**Section II. Financial Statement Findings**

Not applicable.

**Section III. Federal Award Findings and Questioned Costs:**

The Board received no federal awards for the year ended December 31, 2013.

**Section IV. Management Letter:**

A management letter was not issued with this report.



**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Section I. Summary of Auditor's Reports**

- b. Report on Internal Control and Compliance Material to the Financial Statements

*Internal Control:*

Material Weakness \_\_\_ Yes X No    Significant Deficiency \_\_\_ Yes X No

*Compliance:*

Compliance Material to Financial Statements \_\_\_ Yes X No

- b. Federal awards – the Board received no federal awards for the year ended December 31, 2012.

**Section II. Financial Statement Findings**

Not applicable.

**Section III. Federal Award Findings and Questioned Costs:**

The Board received no federal awards for the year ended December 31, 2012.

**Section IV. Management Letter:**

A management letter was not issued for December 31, 2012

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED DECEMBER 31, 2013**

Section I - Internal Control and Compliance Material to the Financial Statements:

Not applicable.

Section II – Internal Control and Compliance Material to Federal Awards:

There were no federal awards.

Section III – Management Letter:

There was no management letter issued for the year ended December 31, 2013.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFITS  
DECEMBER 31, 2013**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
7/1/2011	\$ -	\$ 3,904,700	\$ 3,904,700	0.00%	\$ 1,565,800	249.37%
7/1/2012	\$ -	\$ 3,845,700	\$ 3,845,700	0.00%	\$ 1,355,300	283.75%
7/1/2013	\$ -	\$ 4,099,100	\$ 4,099,100	0.00%	\$ 996,800	411.23%

**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
SUPPLEMENTARY INFORMATION – SCHEDULE 1  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**SCHEDULE OF BOARD MEMBER PER DIEM**

<u>NAME</u>	<u>AMOUNT</u>
Dr. Kweli J. Amusa	\$ 17,500
Dr. Cynthia Montgomery	7,908
Dr. Mark H. Dawson	6,000
Dr. Melvin G. Bourgeois	3,600
Dr. Kenneth B. Farris	2,700
Dr. Joseph D. Busby	1,000
Dr. Lehrue Stevens	300
Dr. Mary L. Applewhite	100
Dr. Trenton L. James II	100
Dr. Elmo J. Laborde	100
	<hr/>
TOTAL	<u><u>\$ 39,308</u></u>

The schedule of per diem paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Board members are paid \$100 for each day while engaged in Board meetings and official Board business, as authorized by Louisiana Revised Statute 37:1268.

**REPORTING PACKET – DIVISION OF ADMINISTRATION, OFFICE OF  
STATEWIDE REPORTING AND ACCOUNTING POLICY**

**ANNUAL FINANCIAL REPORT**

*As a component unit of the State of Louisiana, the financial statements of the Louisiana Board of Medical Examiners are included in Louisiana's Comprehensive Annual Financial Report. Following are the statements being submitted to the Division of Administration as listed in the table of Contents – Supplementary Information Schedule II.*

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATE OF LOUISIANA  
Annual Financial Statements  
December 31, 2013

C O N T E N T S

Affidavit

Management's Discussion and Analysis (MD&A) – see audit report pages 4 - 8

Statements

Statement of Net Position	A
Statement of Revenues, Expenses, and Changes in Net Position	B
Statement of Activities (including Instructions for Simplified Statement of Activities)	C
Statement of Cash Flows	D

Notes to the Financial Statements

Notes to the Financial Statements

- A. Summary of Significant Accounting Policies
- B. Budgetary Accounting
- C. Deposits with Financial Institutions and Investments  
(See Appendices Packet - Appendix A at  
<http://www.doa.louisiana.gov/OSRAP/afrpackets.htm>)
- D. Capital Assets – Including Capital Lease Assets
- E. Inventories
- F. Restricted Assets
- G. Leave
- H. Retirement System
- I. Other Postemployment Benefits  
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<http://www.doa.louisiana.gov/OSRAP/afrpackets.htm>)
- J. Leases
- K. Long-Term Liabilities
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- M. Related Party Transactions
- N. Accounting Changes
- O. In-Kind Contributions
- P. Defeased Issues
- Q. Revenues or Receivables – Pledged or Sold (GASB 48)  
(See Appendices Packet - Appendix E at  
<http://www.doa.louisiana.gov/OSRAP/afrpackets.htm>)
- R. Government-Mandated Nonexchange Transactions (Grants)
- S. Violations of Finance-Related Legal or Contractual Provisions
- T. Short-Term Debt

- U. Disaggregation of Receivable Balances
- V. Disaggregation of Payable Balances
- W. Subsequent Events
- X. Segment Information
- Y. Due to/Due from and Transfers
- Z. Liabilities Payable from Restricted Assets
- AA. Prior-Year Restatement of Net Position
- BB. Assets Restricted by Enabling Legislation  
(See Appendices Packet - Appendix C at <http://www.doa.louisiana.gov/OSRAP/afrpackets.htm>)
- CC. Impairment of Capital Assets  
(See Appendices Packet - Appendix B at <http://www.doa.louisiana.gov/OSRAP/afrpackets.htm>)
- DD. Employee Termination Benefits
- EE. Pollution Remediation Obligations
- FF. American Recovery and Reinvestment Act (ARRA)
- GG. Restricted Assets – Other Purposes
- HH. Service Concession Arrangements
- II. Nonexchange Financial Guarantees**

#### Schedules

- 1 Schedule of Per Diem Paid to Board Members
- 2 Not Applicable
- 3 Schedules of Long-Term Debt
- 4 Schedules of Long-Term Debt Amortization
- 15 Schedule of Comparison Figures and Instructions
- 16 Schedule of Cooperative Endeavors (see Appendices Packet - Appendix F at <http://www.doa.louisiana.gov/OSRAP/afrpackets.htm>)

**The Appendices Packet is located as a separate packet on OSRAP's website at <http://www.doa.louisiana.gov/OSRAP/afrpackets.htm>.**



STATE OF LOUISIANA  
Annual Financial Statements  
Fiscal Year Ended December 31, 2013

LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
630 CAMP STREET  
NEW ORLEANS, LA 70130

Division of Administration  
Office of Statewide Reporting  
and Accounting Policy  
P. O. Box 94095  
Baton Rouge, Louisiana 70804-9095

Legislative Auditor  
P. O. Box 94397  
Baton Rouge, Louisiana 70804-9397

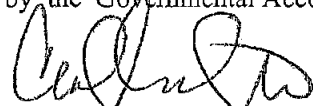
[LLAFileroom@lla.la.gov](mailto:LLAFileroom@lla.la.gov)

Physical Address:  
1201 N. Third Street  
Claiborne Building, 6<sup>th</sup> Floor, Suite 6-130  
Baton Rouge, Louisiana 70802

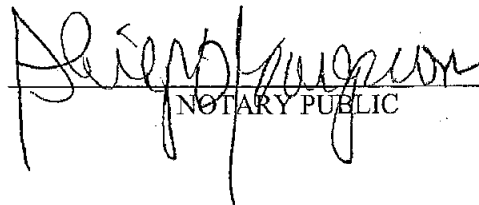
Physical Address:  
1600 N. Third Street  
Baton Rouge, Louisiana 70802

AFFIDAVIT

Personally came and appeared before the undersigned authority, Dr. Cecilia Mouton, the Executive Director of the Louisiana State Board of Medical Examiners who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of the Louisiana State Board of Medical Examiners at December 31, 2013 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 31 day of July 2014.



Signature of Agency Official



NOTARY PUBLIC

Prepared by: HIENZ & MACALUSO, LLC

Title: INDEPENDENT CPA'S

Telephone No.: 504-837-5434

**PHILIP O. BERGERON**  
**NOTARY PUBLIC I.D. # 18618**  
PARISH OF ST. TAMMANY, STATE OF LOUISIANA  
MY COMMISSION IS ISSUED FOR LIFE

**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATEMENT OF NET POSITION  
AS OF DECEMBER 31, 2013**

**Statement A**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash equivalents	\$	3,365,877
Restricted Cash and Cash Equivalents		
Investments		
Derivative Instruments		
Receivables (net of allowance for doubtful accounts)(Note U)		640,054
Due from other funds (Note Y)		
Due from federal government		
Inventories		
Prepayments		753
Notes Receivable		
Other Current Assets		
Total current assets		4,006,684

**NONCURRENT ASSETS**

Restricted assets (Note F):		
Cash		2,123,705
Investments		
Receivables		45,196
Investments		
Notes Receivable		
Capital assets, net of depreciation (Note D)		
Land non-depreciable easements		100,000
Buildings and improvements		6,776,868
Machinery and equipment		145,490
Infrastructure		
Intangible assets		
Construction/Development-in-progress		
Other noncurrent assets		11,695
Total noncurrent assets		9,202,954
Total assets	\$	13,209,638

**DEFERRED OUTFLOWS OF RESOURCES**

Accumulated decrease in fair value of hedging derivatives	\$	
Deferred amounts on debt refunding		
Adjustments of capital lease obligations		
Grants paid prior to meeting time requirements		
Intra-entity transfer of future revenues (transferee)		
Losses from sale-leaseback transactions		
Direct loan origination costs for mortgage loans held for sale		
Fees paid to permanent investors prior to sale of mortgage loans		
Total deferred outflow of resources	\$	-
Total assets and deferred outflow of resources	\$	13,209,638

**LIABILITIES**

**CURRENT LIABILITIES:**

Accounts payable and accruals (Note V)	\$	463,297
Derivative instrument		
Due to other funds (Note Y)		
Due to federal government		
Unearned revenues		2,957,189
Amounts held in custody for others		
Other current liabilities		

**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATEMENT OF NET POSITION  
AS OF DECEMBER 31, 2013**

**Statement A**

**Liabilities Con't**

Current portion of long-term liabilities: (Note K)

Contracts payable	\$	
Compensated absences payable		97,848
Capital lease obligations		
Claims and litigation payable		
Notes payable		
Pollution remediation obligation		
Bonds payable (include unamortized costs)		
Other long-term liabilities		
Total current liabilities		3,518,334

**NONCURRENT LIABILITIES**

Contracts payable		
Compensated absences payable		216,094
Capital lease obligations		
Claims and litigation payable		
Notes payable		
Pollution remediation obligation		
Bonds payable (include unamortized costs)		
OPEB payable		3,296,600
Other long-term liabilities		
Total noncurrent liabilities		3,512,694
Total liabilities		7,031,028

**DEFERRED INFLOWS OF RESOURCES**

Accumulated increase in fair value of hedging derivatives	\$	
Deferred amounts related to service concession arrangement		
Deferred amounts of debt refunding		
Adjustments of capital lease obligations		
Grants received prior to meeting time requirements		
Property taxes received before the period of which the taxes were levied		
Fines and penalties received in advance of meeting time requirements		
Sales/intra-entity transfers of future revenues (transferor)		
Gains from sale-leaseback transactions		
Points received on loan origination		
Loan origination fees received for mortgage loans held for sale		
Total deferred inflows of resources		-

**NET POSITION**

Net investment in capital assets		7,022,358
Restricted for:		
Capital projects		
Debt service		
Unemployment compensation		
Other specific purposes		1,550,384
Unrestricted		(2,394,132)
Total net position		6,178,610
Total liabilities, deferred inflows of resources, and net position	\$	13,209,638

The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA**  
**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**

**Statement B**

**OPERATING REVENUE**

Sales of commodities and services	\$	
Assessments		
Use of money and property		
Licenses, permits, and fees		7,201,946
Federal grants and contracts		
State, local and nongovernmental grants and contracts		
Other		22,813
Total operating revenues		7,224,759

**OPERATING EXPENSES**

Cost of sales and services		
Administrative		6,742,604
Depreciation		272,685
Amortization		
Total operating expenses		7,015,289

Operating income(loss)		209,470
------------------------	--	---------

**NON-OPERATING REVENUES (EXPENSES)**

State appropriations		
Intergovernmental revenues(expenses)		
Taxes		
Use of money and property		
Gain on disposal of fixed assets		
Loss on disposal of fixed assets		
Federal grants		
Interest expense		
Other revenue		1,910
Other expense		
Total non-operating revenues(expenses)		1,910

Income(loss) before contributions, extraordinary items, & transfers		211,380
---	--	---------

Capital contributions		
Extraordinary item		
Transfers in		
Transfers out		

Change in net position		211,380
------------------------	--	---------

Total net position – beginning		5,967,230
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Total net position – ending	\$	6,178,610
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The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Statement C**

	Program Revenues				Net (Expense)
		Charges for	Operating	Capital	Revenue and
	Expenses	Services	Grants and	Grants and	Changes in
			Contributions	Contributions	Net Position
Entity	\$ 7,015,289	\$ 7,224,759	\$	\$	\$ 209,470
General revenues:					
Taxes					
State appropriations					
Grants and contributions not restricted to specific programs					
Interest					1,910
Miscellaneous					
Special items					
Extraordinary item					
Transfers					
Total general revenues, special items, and transfers					1,910
Change in net assets					211,380
Net position - beginning as restated					5,967,230
Net position - ending					\$ 6,178,610

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Statement D**  
(continued)

**Cash flows from operating activities**

Cash receipts from customers	\$ 7,306,612	
Cash receipts from grants and contracts		
Cash receipts from interfund services provided		
Other operating cash receipts, if any		
Cash payments to suppliers for goods or services	(2,356,657)	
Cash payments to employees for services	(3,907,711)	
Cash payments for interfund services used, including payments "In Lieu of Taxes"		
Other operating cash payments, if any (* provide explanation)		
Net cash provided(used) by operating activities		<u>1,042,244</u>

**Cash flows from non-capital financing activities**

State Appropriations		
Federal receipts		
Federal disbursements		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other (**provide explanation)		
Net cash provided(used) by non-capital financing activities		<u>-</u>

**Cash flows from capital and related financing activities**

Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets	(27,701)	
Proceeds from sale of capital assets		
Capital contributions		
Deposits with trustees		
Deferred proceeds from capital leases		
Net cash provided(used) by capital and related financing activities		<u>(27,701)</u>

**Cash flows from investing activities**

Purchases of investment securities		
Proceeds from sale of investment securities		
Interest and dividends earned on investment securities	1,910	
Net cash provided(used) by investing activities		<u>1,910</u>

Net increase(decrease) in cash and cash equivalents		<u>1,016,453</u>
Cash and cash equivalents at beginning of year		<u>4,473,129</u>
Cash and cash equivalents at end of year	\$	<u><u>5,489,582</u></u>

**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Statement D  
(concluded)**

**Reconciliation of operating income(loss) to net cash provided(used) by operating activities:**

Operating income(loss)		\$ <u>209,470</u>
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:		
Depreciation/amortization	<u>272,685</u>	
Provision for uncollectible accounts	<u>          </u>	
Other	<u>108</u>	
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	<u>53,569</u>	
(Increase)decrease in due from other funds	<u>          </u>	
(Increase)decrease in prepayments	<u>          </u>	
(Increase)decrease in inventories	<u>          </u>	
(Increase)decrease in other assets	<u>          </u>	
Increase(decrease) in accounts payable and accruals	<u>146,245</u>	
Increase(decrease) in compensated absences payable	<u>18,645</u>	
Increase(decrease) in due to other funds	<u>          </u>	
Increase(decrease) in deferred revenues	<u>28,283</u>	
Increase(decrease) in OPEB payable	<u>313,239</u>	
Increase(decrease) in other liabilities	<u>          </u>	
Net cash provided(used) by operating activities		\$ <u>1,042,244</u>

**Schedule of noncash investing, capital, and financing activities:**

Borrowing under capital lease(s)	\$ <u>          </u>
Contributions of fixed assets	<u>          </u>
Purchases of equipment on account	<u>          </u>
Asset trade-ins	<u>          </u>
Other (specify)	<u>          </u>
<u>          </u>	<u>          </u>
<u>          </u>	<u>          </u>
<u>          </u>	<u>          </u>
<b>Total noncash investing, capital, and financing activities:</b>	\$ <u><u>          </u></u>

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA**  
**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS**  
**Notes to the Financial Statement**  
**As of and for the year ended December 31, 2013**

**INTRODUCTION**

The Louisiana State Board of Medical Examiners was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 37:1261-1292. The following is a brief description of the operations of Louisiana State Board of Medical Examiners and includes the parish/parishes in which the Louisiana State Board of Medical Examiners is located:

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of Louisiana State Board of Medical Examiners present information only as to the transactions of the programs of the Louisiana State Board of Medical Examiners as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Louisiana State Board of Medical Examiners are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

**Revenue Recognition**

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

**Expense Recognition**

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.



**STATE OF LOUISIANA**  
**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS**  
**Notes to the Financial Statement**  
**As of and for the year ended December 31, 2013**

**B. BUDGETARY ACCOUNTING**

Budgets are prepared and adopted by the Board annually. The Board adopts a budget annually for the various components. The Board is a state licensing agency subject to the Licensing Agency Budget Act established by Louisiana Revised Statutes 39:1331-1342 in accordance with R.S. 36:803.

All funds budgeted are immediately available, as the Board's operations are financed with self-generated revenue. Therefore, the budget is known as a non-appropriated budget.

The Board does not normally use encumbrance accounting, so the budget was not integrated in the accounting records. In addition, the budget was employed by the Board as a management control device, by comparing budgeted expenditures with actual expenditures. The budget is prepared on the GAAP basis, using the modified accrual basis of accounting. The Board monitors the budget and makes changes when appropriate.

**C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

**1. DEPOSITS WITH FINANCIAL INSTITUTIONS**

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Louisiana State Board of Medical Examiners may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Louisiana State Board of Medical Examiners may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the statement of cash flows and statement of net position presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including nonnegotiable CDs and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are required to be held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

**STATE OF LOUISIANA**  
**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS**  
**Notes to the Financial Statement**  
**As of and for the year ended December 31, 2013**

GASB Statement 40, which amended GASB Statement 3, eliminated the requirement to disclose all deposits by three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at December 31, 2013, consisted of the following:

	Cash	Nonnegotiable Certificates of Deposit	Other (Describe)	Total
Deposits per statement of net position (Reconciled bank balance)	\$ 5,489,562	\$	\$	\$ 5,489,562
Deposits in bank accounts per bank	\$ 5,502,965	\$	\$	\$ 5,502,965
Bank balances exposed to custodial credit risk:	\$	\$	\$	\$
a. Uninsured and uncollateralized				
b. Uninsured and collateralized with securities held by the pledging institution				
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's				

The following is a breakdown by banking institution, program, and amount of the "Deposits in bank accounts per bank" balances shown above:

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1. Capital One	General Fund	\$ 2,853,524
2. Capital One	General Fund Tower	396,338
3. Capital One	Payroll	111,621
4. Capital One	Continuing Medical Education	483,001
5. Capital One	Physicians's Health Program	591,954
6. Capital One	Clinical Lab	422,116
7. Capital One	Clinical Lab - Tower	368,462
8. Paypal	General Fund	17,747
9. Paypal	Clinical Lab	258,202
Total		\$ 5,502,965

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the statement of net position to amounts reported in this note, list below any cash in treasury and petty cash that are included on the statement of net position.

**STATE OF LOUISIANA**  
**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS**  
**Notes to the Financial Statement**  
**As of and for the year ended December 31, 2013**

Cash in state treasury	\$	
Petty cash	\$	<u>20</u>

2. INVESTMENTS – **NOT APPLICABLE**

3. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK,  
AND FOREIGN CURRENCY RISK DISCLOSURES – **NOT APPLICABLE**

4. DERIVATIVES – **NOT APPLICABLE**

5. POLICIES

Louisiana State Board of Medical Examiners' deposit policy related to the custodial credit risk is to secure all deposits by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The Board does not have a formal policy related to credit risk of debt investments, concentration of credit risk, interest rate risk, and foreign currency risk.

6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS – **NOT APPLICABLE**

**D. CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS**

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the statement of net position of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Depreciation for financial reporting purposes is computed by the straight line method over the useful lives of the assets.

**STATE OF LOUISIANA**  
**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS**  
**Notes to the Financial Statement**  
**As of and for the year ended December 31, 2013**

Schedule of Capital Assets (includes capital leases)

<u>Agency</u>	Balance 12/31/2012	Prior Period Adjustments	Restated Balance 12/31/2012	Additions	* Reclassifi- cation of CLP	** Retirements	Balance 12/31/2013
Capital assets not depreciated:							
Land	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Non-depreciable land improvements			-				-
Non-depreciable easements			-				-
Capitalized collections			-				-
Software - development in progress			-				-
Construction in progress			-				-
Total capital assets not depreciated	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Other capital assets:							
Depreciable land improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
** Accumulated depreciation			-				-
Total land improvements	-	-	-	-	-	-	-
Buildings	7,855,095		7,855,095	8,883			7,863,978
** Accumulated depreciation	(896,148)		(896,148)	(190,962)			(1,087,110)
Total buildings	6,958,947		6,958,947	(182,079)			6,776,868
Machinery & equipment	1,352,818		1,352,818	18,818		(89,694)	1,281,942
** Accumulated depreciation	(1,144,315)		(1,144,315)	(81,723)		89,586	(1,136,452)
Total machinery & equipment	208,503		208,503	(62,905)		(108)	145,490
Infrastructure			-				-
** Accumulated depreciation			-				-
Total infrastructure	-	-	-	-	-	-	-
Software (internally generated & purchased)			-				-
Other intangibles			-				-
** Accumulated amortization - software			-				-
** Accumulated amortization - other intangibles			-				-
Total intangibles	-	-	-	-	-	-	-
Total other capital assets	\$ 7,167,450	\$ -	\$ 7,167,450	\$ (244,984)	\$ -	\$ (108)	\$ 6,922,358
Capital asset summary:							
Capital assets not depreciated	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000
Other capital assets, book value	9,207,913		9,207,913	27,701		(89,694)	9,145,920
Total cost of capital assets	9,307,913		9,307,913	27,701		(89,694)	9,245,920
Accumulated depreciation/amortization	(2,040,463)		(2,040,463)	(272,685)		89,586	(2,223,562)
Capital assets, net	\$ 7,267,450	\$ -	\$ 7,267,450	\$ (244,984)	\$ -	\$ (108)	\$ 7,022,358

\* Should only be used for those completed projects coming out of construction-in-progress to capital assets.

\*\* Enter a negative number except for accumulated depreciation in the retirement column

**STATE OF LOUISIANA**  
**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS**  
**Notes to the Financial Statement**  
**As of and for the year ended December 31, 2013**

**E. INVENTORIES – NOT APPLICABLE**

**F. RESTRICTED ASSETS**

Restricted assets in the Louisiana State Board of Medical Examiners at December 31, 2013, reflected at \$2,168,901 in the non-current assets section on Statement A, consist of \$2,123,705 in cash, \$45,196 in receivables. Restricted assets represent those assets that are not available for spending as a result of legislative requirements.

**G. LEAVE**

**1. COMPENSATED ABSENCES**

The Louisiana State Board of Medical Examiners has the following policy on annual and sick leave:

Employees earn and accumulate annual and sick leave at various rates depending on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, employees or their heirs are compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay at the time of termination. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is used to compute retirement benefits.

The cost of leave privileges, computed in accordance with GASB Codification Section C60, is recognized as a current year expenditure in the fund when leave is actually taken; it is recognized in the enterprise funds when the leave is earned. The cost of leave privileges applicable to general government operations not requiring current resources is recorded in long-term obligations.

**2. COMPENSATORY LEAVE – NOT APPLICABLE**

**H. RETIREMENT SYSTEM**

Substantially all of the employees of the Louisiana State Board of Medical Examiners are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees.

All full-time Louisiana State Board of Medical Examiners employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS.

**STATE OF LOUISIANA**  
**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS**  
**Notes to the Financial Statement**  
**As of and for the year ended December 31, 2013**

Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2013 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. A copy of the report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and are also available on-line at:  
[http://www.lasersonline.org/uploads/CAFR\\_2013.pdf](http://www.lasersonline.org/uploads/CAFR_2013.pdf)

All members are required by state statute to contribute with the vast majority of employees of the state who became members before July 1, 2006 contributing 7.5% of gross salary. Act 75 of the 2005 Regular Session increases the member contribution rate from 7.5% to 8% for new members hired after June 30, 2006. The Louisiana State Board of Medical Examiners is required to contribute at an actuarially determined rate as required by R.S. 11:102. For 2013, the Board's contribution percentage was 29.1% between January 1, 2013 and June 30, 2013 and 31.3% between July 1, 2013 and December 31, 2013.. The Board's contributions to the System for the years ending December 31, 2013, 2012, and 2011, were \$687,856, \$575,144, and \$520,455, respectively, equal to the required contributions for each year.

**I. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

GASB Statement 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses accounting and financial reporting for OPEB trust and agency funds of the employer. GASB Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* establishes standards of accounting and financial reporting for OPEB expense/expenditures and related OPEB liabilities or OPEB assets, note disclosures, and required supplementary information (RSI) in the financial

**STATE OF LOUISIANA**  
**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS**  
**Notes to the Financial Statement**  
**As of and for the year ended December 31, 2013**

reports of governmental employers. See the GASB Statement 45 note disclosures requirements in section 2 of this note.

**1. Calculation of Net OPEB Obligation**

	Annual OPEB expense and net OPEB Obligation	6/30/2014
Fiscal year ending		
1. * ARC		358,400
2. * Interest on NOO		119,300
3. * ARC adjustment		(114,000)
4. * Annual OPEB Expense (1. + 2. - 3.)		363,700
5. Contributions (employer pmts. to OGB for retirees' cost of 2014 insurance premiums)		50,461
6. Increase in Net OPEB Obligation (4. - 5.)		313,239
7. *NOO, beginning of year (see actuarial valuation report on OSRAP's website)		2,983,361
8. **NOO, end of year (6. + 7.)		<u>3,296,600</u>

**2. Note Disclosures – NOT APPLICABLE**

**J. LEASES – NOT APPLICABLE**

**K. LONG-TERM LIABILITIES**

The following is a summary of long-term debt transactions of the entity for the year ended December 31, 2013:

	Year ended December 31, 2013				
	Balance December 31, 2012	Additions	Reductions	Balance December 31, 2013	Amounts due within one year
<b>Notes and bonds payable:</b>					
Notes payable	\$	\$	\$	\$ -	\$
Bonds payable				-	
Total notes and bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other liabilities:</b>					
Contracts payable				-	
Compensated absences payable	295,297	18,645		313,942	97,848
Capital lease obligations				-	
Claims and litigation				-	
Pollution remediation obligation				-	
OPEB payable	2,983,361	363,700	50,461	3,296,600	
Other long-term liabilities				-	
Total other liabilities	<u>3,278,658</u>	<u>382,345</u>	<u>50,461</u>	<u>3,610,542</u>	<u>97,848</u>
Total long-term liabilities	\$ <u>3,278,658</u>	\$ <u>382,345</u>	\$ <u>50,461</u>	\$ <u>3,610,542</u>	\$ <u>97,848</u>

**L. CONTINGENT LIABILITIES – NOT APPLICABLE**

**STATE OF LOUISIANA**  
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**Notes to the Financial Statement**  
**As of and for the year ended December 31, 2013**

**M. RELATED PARTY TRANSACTIONS – NOT APPLICABLE**

**N. ACCOUNTING CHANGES – NOT APPLICABLE**

**O. IN-KIND CONTRIBUTIONS – NOT APPLICABLE**

**P. DEFEASED ISSUES – NOT APPLICABLE**

**Q. REVENUES – PLEDGED OR SOLD (GASB 48) – NOT APPLICABLE**

**R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS) – NOT APPLICABLE**

**S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS – NOT APPLICABLE**

**T. SHORT-TERM DEBT – NOT APPLICABLE**

**U. DISAGGREGATION OF RECEIVABLE BALANCES**

Receivables at December 31, 2013, were as follows:

Fund (gen. fund, gas tax fund, etc.)	Customer Receivables	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
License fees and other assessments	\$ 801,126	\$	\$	\$	\$ 801,126
Gross receivables	\$ 801,126	\$ -	\$ -	\$ -	\$ 801,126
Less allowance for uncollectible accounts	(115,876)				(115,876)
Receivables, net	\$ 685,250	\$ -	\$ -	\$ -	\$ 685,250
Amounts not scheduled for collection during the subsequent year	\$	\$	\$	\$	\$ -

**V. DISAGGREGATION OF PAYABLE BALANCES**

Payables at December 31, 2013, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
General Fund	\$ 121,984	\$ 159,912	\$	\$	\$ 281,896
CLAB	1,771				1,771
PHP	179,630				179,630
Total payables	\$ 303,385	\$ 159,912	\$ -	\$ -	\$ 463,297



**STATE OF LOUISIANA**  
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**Notes to the Financial Statement**  
**As of and for the year ended December 31, 2013**

**W. SUBSEQUENT EVENTS – NOT APPLICABLE**

**X. SEGMENT INFORMATION & REPORTING FUNDS OF A BLENDED  
COMPONENT UNIT – NOT APPLICABLE**

**Y. DUE TO/DUE FROM AND TRANSFERS – NOT APPLICABLE**

**Z. LIABILITIES PAYABLE FROM RESTRICTED ASSETS**

Liabilities payable from restricted assets in the Louisiana State Board of Medical Examiners at December 31, 2013, reflected at \$181,401 in the liabilities section on Statement A, consist of \$1,771 in accounts payable due from the CLAB fund and \$179,630 due from the PHP fund.

**AA. PRIOR-YEAR RESTATEMENT OF NET POSITION – NOT APPLICABLE**

**BB. ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB 46) – NOT  
APPLICABLE**

**CC. IMPAIRMENT OF CAPITAL ASSETS & INSURANCE RECOVERIES – NOT  
APPLICABLE**

**DD. EMPLOYEE TERMINATION BENEFITS – NOT APPLICABLE**

**EE. POLLUTION REMEDIATION OBLIGATIONS - NOT APPLICABLE**

**FF. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) – NOT APPLICABLE**

**GG. RESTRICTED ASSETS – OTHER SPECIFIC PURPOSES**

Per GASB Statement 34, paragraph 34, assets are reported as restricted when constraints on asset use are either externally imposed by creditors, such as through debt covenants, grantors, contributors, or laws or regulations of other governments imposed by law through constitutional provisions or enabling legislation. Restricted Assets are reported on the statement of net position as restricted by Capital Projects, Debt Service, Unemployment Compensation, and Other Specific Purposes. The statement of net position amount for Restricted Assets - Other Specific Purposes should be further defined by function as follows:

Clinical Lab	\$	639,048
Continuing Medical Education		449,869
Physicians Health Program		461,467
Total	\$	1,550,384

**STATE OF LOUISIANA**  
**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS**  
**Notes to the Financial Statement**  
**As of and for the year ended December 31, 2013**

**HH. SERVICE CONCESSION ARRANGEMENTS – NOT APPLICABLE**

**II. NONEXCHANGE FINANCIAL GUARANTEES (GASB 70) – NOT APPLICABLE**



**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
SCHEDULE OF NOTES PAYABLE  
December 31, 2013**

**NOT APPLICABLE**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
_____	_____	\$ _____	\$ _____	\$ _____	\$ _____	_____	\$ _____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
Total		\$ <u>          </u>	\$ <u>          </u>	\$ <u>          </u>	\$ <u>          </u>		\$ <u>          </u>

\*Send copies of new amortization schedules

**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
SCHEDULE OF BONDS PAYABLE  
December 31, 2013**

**NOT APPLICABLE**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
<b>Series:</b>							
		\$	\$	\$	\$		\$
<b>Unamortized Discounts and Premiums Series:</b>							
Total		\$	\$	\$	\$		\$

**\*Note: Principal outstanding (bond series minus unamortized costs) at 6/30/14 should agree to bonds payable on the statement of net position.**

**Send copies of new amortization schedules for bonds and unamortized costs.**

**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
SCHEDULE OF CAPITAL LEASE AMORTIZATION  
For The Year Ended December 31, 2013**

**NOT APPLICABLE**

Fiscal Year Ending:	<u>Payment</u>	<u>Interest</u>	<u>Principal</u>	<u>Balance</u>
2015	\$ <u>          </u>	\$ <u>          </u>	\$ <u>          </u>	\$ <u>          </u> --
2016	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u> --
2017	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u> --
2018	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u> --
2019	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u> --
2020-2024	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u> --
2025-2029	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u> --
2030-2034	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u> --
2035-2039	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u> --
Total	\$ <u>          </u> --	\$ <u>          </u> --	\$ <u>          </u> --	\$ <u>          </u> --

**STATE OF LOUISIANA**  
**LOUISIANA STATE BOARD OF MEDICAL EXAMINERS**  
**SCHEDULE OF NOTES PAYABLE AMORTIZATION**  
**For the Year Ended December 31, 2013**

**NOT APPLICABLE**

Fiscal Year Ending:	Principal	Interest
2015	\$ _____	\$ _____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020-2024	_____	_____
2025-2029	_____	_____
2030-2034	_____	_____
2035-2039	_____	_____
Total	\$ _____ --	\$ _____ --

**STATE OF LOUISIANA  
LOUISIANA STATE BOARD OF MEDICAL EXAMINERS  
SCHEDULE OF BONDS PAYABLE AMORTIZATION  
For The Year Ended December 31, 2013**

**NOT APPLICABLE**

<u>Fiscal Year</u> <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ _____	\$ _____
2016	_____	_____
2017	_____	_____
2018	_____	_____
2019	_____	_____
2020	_____	_____
2021	_____	_____
2022	_____	_____
2023	_____	_____
2024	_____	_____
2025	_____	_____
2026	_____	_____
2027	_____	_____
2028	_____	_____
2029	_____	_____
2030	_____	_____
2031	_____	_____
2032	_____	_____
2033	_____	_____
2034	_____	_____
2035	_____	_____
2036	_____	_____
2037	_____	_____
2038	_____	_____
2039	_____	_____
Subtotal	--	--
Unamortized Discounts/Premiums	_____	_____
Total	\$ --	\$ --

**\*Note: Principal outstanding (bond series plus minus unamortized costs) at 6/30/14 should agree to bonds payable on the statement of net position.**



# STATE OF LOUISIANA

## LOUISIANA STATE BOARD OF MEDICAL EXAMINERS

### COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than **\$5 million**, explain the reason for the change. **Please provide adequate details to clearly explain the change from last year.**

	<u>2013</u>	<u>2012</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ <u>7,226,669</u>	\$ <u>7,127,052</u>	\$ <u>99,617</u>	\$ <u>1.38%</u>
Expenses	<u>7,015,289</u>	<u>6,796,289</u>	<u>219,000</u>	<u>3.22%</u>
2) Capital assets	<u>7,022,358</u>	<u>7,267,450</u>	<u>(245,092)</u>	<u>(3.37%)</u>
Long-term debt	<u>3,512,694</u>	<u>3,182,036</u>	<u>330,658</u>	<u>10.39%</u>
Net position	<u>6,178,610</u>	<u>5,967,230</u>	<u>211,380</u>	<u>3.54%</u>
Explanation for change:	<hr/> <hr/> <hr/> <hr/>			

AGENCY NUMBER  
AGENCY NAME

1

[illegible]